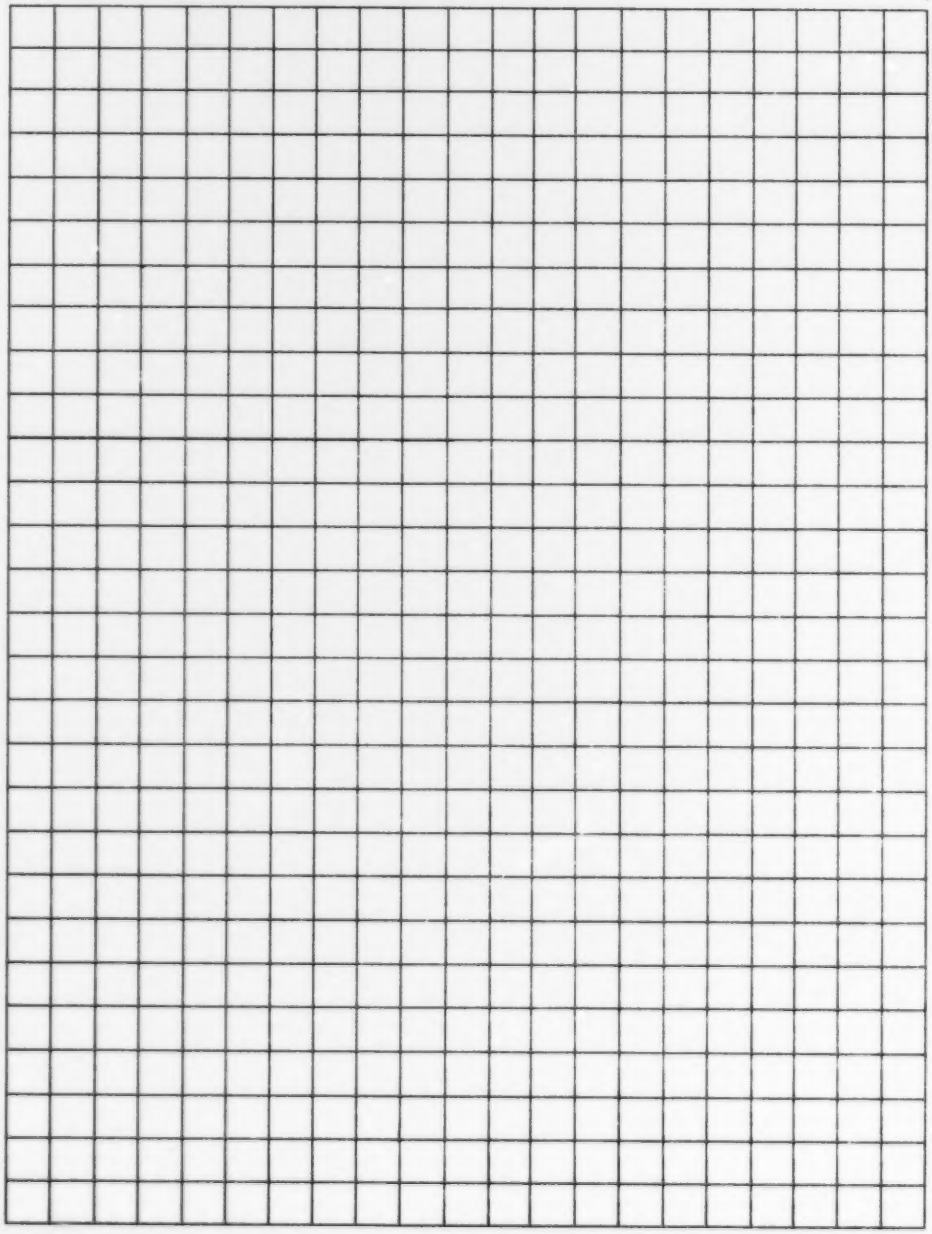
Small Business Development Corporation

For the year ended March 31, 1988



Department of Small Business Development

Nova Scotia

89-04164/

Chairman's Report

Small Business
Development Corporation

Nova Scotia

**Department of
Small Business
Development**

Small Business
Development Corporation

Suite 940
Metropolitan Place
99 Wyse Road
Dartmouth, Nova Scotia
B3A 1L9

August 9, 1988

The Honourable G. David Nantes
Minister of Small Business Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I wish to present, on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1988.

In this period, the Board approved financing for 91 projects totalling $5.2 million in financial assistance to various small businesses throughout the Province which represented a moderate increase in activity over the preceding year.

During the year, a major reorganization of the Corporation took place. This involved the relocation of staff Loan Officers to the Department's regional Small Business Service Centres. In addition, five Regional Boards were created, namely, Cape Breton, Valley, Northeastern, Central and Southwestern. These Boards were given authority to approve most smaller loans within their respective areas. It is anticipated that an improved service will be provided by the Corporation as a result of these changes.

It is with regret that I report the death of one of our Members, Mr. George Muise, who served on the Board for the past three years.

I would like to extend my appreciation to former Directors Mr. Reginald Prest, Mr. Ron Barkhouse, and Mr. William Withers, as well as my thanks to current Members, Officers, and Staff of the Corporation, for their assistance during the year.

Respectfully submitted,

Robert P. Dexter
Chairman

c.c. Mr. Harold W. Clarke
Executive Director

Board of Directors

Small Business Development Corporation

"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small business in the Province." (Small Business Development Act)

The Small Business Development Corporation reports to the Legislature through:

The Minister of Department of Small Business Development
The Hon. G. David Nantes
Province of Nova Scotia

Board

Robert P. Dexter	**Chairman**
Edward B. Chase	**Board Executive Committee**
Harold W. Clarke	
Robert P. Dexter	
Ora P. Harkins	
Stuart Hickey	
The Honourable G. David Nantes	
J. Patrick O'Neil	
D. Roy Publicover	
Wilma Stewart	
Elaine Surette	

Administration

Harold W. Clarke	**Executive Director**
Dennis G. Holland	**Assistant Director and Secretary**
Margaret Howie	**Legal Counsel**

Board of Directors — Regional Boards

Small Business
Development Corporation

Regional Boards

CAPE BRETON

Stuart Hickey, CHAIRMAN
Frank Bettens
Sue Forrester
Jon Lawrence
Daniel Macaulay
Sharon Salter
John Terry
Norman MacLean

VALLEY

Edward B. Chase, CHAIRMAN
Claude M. Cook
Brian W. Cummings
Robert L. Hall
Aileen Keddy
John Logan
Parker Regan
Freda Stephens

NORTHEASTERN

D. Roy Publicover, CHAIRMAN
Jack B. Boyd
Frank D. Elliott
Earl MacIntosh
Carol Mosher
Raymond A. Ross
Darrell M. Rushton
Ann Wren

CENTRAL

Ora P. Harkins, CHAIRMAN
Cindy Jensen
Morton Kelly
Douglas Mullenger
Harald Norve
Vern Paul
Robert Scott

SOUTHWESTERN

Elaine Surette, CHAIRPERSON
Frank Anderson
Gloria Hutchinson
Paul LeBlanc
Horace MacPherson
Heather Veniott
Rene Wearing
David Irvine

Auditors Report

Small Business
Development Fund

Nova Scotia

Auditor General

PO Box 793
Halifax Nova Scotia
B3J 2V2

AUDITOR'S REPORT

To the Chairman and Directors of the
Small Business Development Corporation, and to
the Minister of Small Business Development

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1988 and the statement of continuity of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1988 and the continuity of the fund for the year then ended, in accordance with the accounting policies set out in Note 2 of the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
May 24, 1988

Small Business
Development Corporation

Department of
Small Business
Development
Province of Nova Scotia

Balance Sheet

As at March 31, 1988

Small Business Development Fund

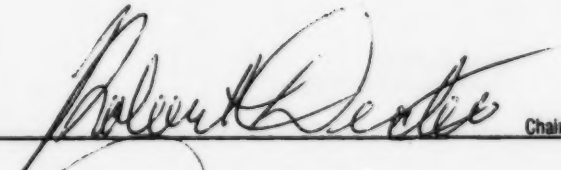
Assets

	1988	1987
Loans receivable (Note 3)	$18,028,760	$17,104,366
Due from Consolidated Fund		
Loans authorized but unadvanced	1,515,346	1,662,219
Guarantees (Note 4)	1,552,146	1,227,146
Free balance	9,614,691	11,199,369
	12,682,183	14,088,734
	$30,710,943	**$31,193,100**

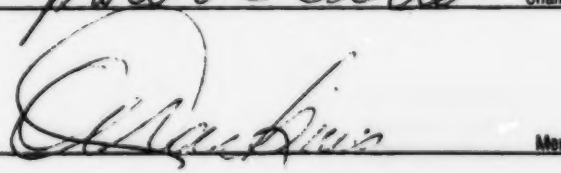
Fund Balance

Small Business Development Fund	$32,945,942	$33,327,360
Less: Allowance for doubtful accounts	2,234,999	2,134,260
	$30,710,943	**$31,193,100**

Approved on Behalf of the Board



Chairman



Member

Small Business Development Corporation

Department of Small Business Development
Province of Nova Scotia

Statement of Continuity of Fund

For the year ended March 31, 1988

Small Business Development Fund

	1988	1987
Balance, beginning of year	$33,327,360	$33,877,197
Less: Accounts written off	381,418	549,837
Balance, end of year	$32,945,942	$33,327,360
Comprising:		
Loans advanced and guarantees in effect	$21,244,433	20,050,032
Loans authorized but unadvanced and guarantees not in effect	2,086,818	2,077,959
Free balance	9,614,691	11,199,369
	$32,945,942	$33,327,360

Small Business Development Corporation

Department of Small Business Development
Province of Nova Scotia

Notes of Financial Statements

Small Business Development Fund

1. Authority

The Small Business Development Fund was established pursuant to the Small Business Development Act. The purpose of the Fund is to finance the activities of the Small Business Development Corporation.

The objective of the Corporation is to promote the economic well-being of the Province by rendering financial assistance to small business.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

Administrative Expenses, Interest Revenue and Expense

Administrative expenses of the Board and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Small Business Development.

These amounts are not reflected in the attached financial statements, nor is accrued loan interest receivable.

Notes to Financial Statements

Small Business Development Fund

3. Loans Receivable

	1988	1987
Loans receivable	$18,136,573	$18,013,141
Foreclosed assets and properties held for sale	1,547,774	979,815
Deficiency balances	484,058	210,316
	20,168,405	19,148,272
Less: Allowance for doubtful accounts	2,139,645	2,043,906
	$18,028,760	$17,104,366

4. Guarantees

	1988	1987
Guarantees in effect	$ 1,076,028	$ 901,760
Guarantees not in effect	571,472	415,740
	1,647,500	1,317,500
Less: Allowance for guarantees likely to be honoured	95,354	90,354
	$ 1,552,146	$ 1,227,146

Small Business Development Corporation

Small Business
Development Corporation

Authorization by Industry Sector

Sector		1988 %	1988 Amount	1987 %	1987 Amount
Manufacturing	Metal Fabrication & Machinery	7	$340,400	4	$213,000
	Wood, Plastic & Concrete	8	428,600	17	827,577
	Textiles	2	80,000	1	47,000
	Food (including Fish Processing)	2	90,000	14	725,500
	Electronics	2	125,000	—	15,000
	Marine Related	3	182,000	6	280,000
	Printing & Related	5	265,000	12	616,000
	Miscellaneous	2	95,000	3	125,000
	Sub Total	**31**	**1,606,000**	**57**	**$2,849,077**
Services	Motels, Restaurants and Tourism Related	23	1,210,000	12	$ 609,500
	Transportation	8	426,000	1	19,000
	Leisure and Recreation	3	131,000	—	10,000
	Business and Personal	9	483,000	8	389,800
	Agriculture and Forestry	3	145,000	1	63,000
	Construction	4	219,000	2	111,000
	Miscellaneous	2	112,500	—	10,000
	Sub Total	**52**	**2,726,500**	**24**	**$1,212,300**
Trade	Retail & Wholesale Sub Total	**17**	**885,500**	**19**	**$953,750**
Total Authorizations		**100**	**$5,218,000**	**100**	**$5,015,127**

Small Business Development Corporation

Applications and Authorizations		1988 #	1988 Amount	1987 #	1987 Amount
Total Applications Processed		140	$9,085,162	158	$9,373,918
	Average Amount		$64,894		$59,329
	Applications Authorized	91	$5,218,000	83	$5,015,127
	% of Total	65%	57%	53%	54%
	Applications Declined	21	$1,894,230	38	$1,811,715
	% of Total	15%	21%	24%	19%
	Applications Withdrawn	28	$1,972,932	37	$2,547,076
	% of Total	20%	22%	23%	27%

Purpose of Authorizations	%	Amount	%	Amount
To Establish a New Business	24	$1,239,000	17	$831,250
To Expand an Existing Business	75	$3,925,000	73	$3,687,300
Other Miscellaneous Purposes	1	$54,000	10	$496,577

Small Business
Development Corporation

Distribution of Authorization by Size		1988 #	1988 %	1987 #	1987 %
$0 to	$25,000	29	32	35	42
$25,000 to	$50,000	27	30	19	23
$50,000 to	$100,000	22	24	13	16
$100,000 to	$250,000	13	14	16	19
	Total	**91**	**100**	**83**	**100**

Distribution of Authorizations by Project and Source		%	Amount	%	Amount
Project Cost	Land and Buildings	56	$4,571,921	44	$3,242,572
	Machinery and Vehicles	30	2,452,675	35	2,578,648
	Working Capital	13	1,090,085	21	1,495,820
	Miscellaneous	1	123,002	—	18,000
	Total	**100**	**$8,237,683**	**100**	**$7,335,040**
Financing	SBDC Loan	57	4,708,000	63	$4,625,127
	SBDC Guarantee	6	510,000	5	390,000
	New Equity Investment	14	1,155,585	18	1,350,433
	Govt. Grants	11	875,478	4	316,780
	Other Lenders	8	656,664	6	402,500
	Working Capital	4	331,956	4	250,200
	Total	**100**	**$8,237,683**	**100**	**$7,335,040**

Small Business
Development Corporation

Head Office

Suite 940
Metropolitan Place
99 Wyse Road
Dartmouth, Nova Scotia
Canada B3A 1L9

902-424-4920

IN CO-ORDINATION WITH

Nova Scotia Department of Small Business Development
Small Business Service Centres

Cape Breton	563-2070	1st Floor, Commerce Tower, 15 Dorchester St., **Sydney**, B1P 5Y9
Strait of Canso	625-3200	Professional Bldg., Church Street, **Port Hawkesbury**, B0E 2V0
	863-5707	Antigonish Municipal Bldg., 42 West St., **Antigonish**, B2G 2H5
Northeastern	893-1595	640 Prince St., **Truro** B2N 1G4
	752-1011	115 MacLean St., P.O. Box 1021 **New Glasgow**, B2H 5N8
	667-3223	Amherst Industrial Park, P.O. Box 458 **Amherst**, B4H 4A1
Central	424-5690	Suite 950, Metropolitan Place, 99 Wyse Road, **Dartmouth**, B3A 1L9
Valley	678-3386	Annapolis Valley Industrial Park Mall P.O. Box 524, **Kentville**, B4N 3X3
Southwestern	742-8404	13 First Street, **Yarmouth**, B5A 1S9
	543-9121	Provincial Bldg., 99 High St., **Bridgewater**, B4V 1V8

Department of
Small Business
Development
Province of Nova Scotia